

House Engrossed Senate Bill

FILED

**KEN BENNETT
SECRETARY OF STATE**

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

CHAPTER 248

SENATE BILL 1213

AN ACT

AMENDING SECTIONS 15-1401 AND 15-1402, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 12, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1402.01; AMENDING SECTIONS 15-1403, 15-1407, 15-1409, 15-1468, 15-1472 AND 15-1481, ARIZONA REVISED STATUTES; AMENDING SECTION 15-1851, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 332, SECTION 24; AMENDING SECTIONS 15-1854 AND 42-5029, ARIZONA REVISED STATUTES; RELATING TO COMMUNITY COLLEGES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-1401, Arizona Revised Statutes, is amended to
3 read:
4 15-1401. Definitions
5 In this chapter, unless the context otherwise requires:
6 1. "Accredited" means accredited by a regional accrediting agency
7 recognized by the United States department of education or by the council on
8 postsecondary accreditation.
9 2. "Additional short-term classes" means those classes ~~which~~ THAT are
10 not in session on the forty-fifth day of the fall or spring semester, ~~which~~
11 THAT commence at various times during the fiscal year and ~~which~~ THAT are
12 offered over a period of less than sixteen weeks.
13 3. "Budget year" means the fiscal year for which the community college
14 district is budgeting and ~~which~~ THAT immediately follows the current year.
15 4. "Community college" means an educational institution that is
16 operated by a district board and that provides a program not exceeding two
17 years' training in the arts, sciences and humanities beyond the twelfth grade
18 of the public or private high school course of study or vocational education,
19 including terminal courses of a technical and vocational nature and basic
20 adult education courses.
21 5. "Current year" means the fiscal year in which the community college
22 district is operating.
23 6. "District" means a community college district that is established
24 pursuant to sections 15-1402 and 15-1403 OR SECTION 15-1402.01 and that is a
25 political subdivision of this state and, unless otherwise specified, includes
26 provisional community college districts established pursuant to section
27 15-1409.
28 7. "District board" means the community college district governing
29 board.
30 8. "Full-time equivalent student" means student enrollment for fifteen
31 community college semester credit units per semester.
32 9. "Open entry, open exit classes" means those classes in which
33 students enter or exit based on mastery of specified competencies and ~~which~~
34 THAT commence at various times during the fiscal year.
35 10. "Operational expense budget" means the budget as adopted by the
36 district board pursuant to section 15-1461.
37 11. "Operational expenses" means the administration, instruction,
38 operation of community college plant, maintenance of community college plant,
39 fixed charges and contingencies incurred in the operation of a district
40 exclusive of all capital outlay items, special levies, auxiliary enterprise
41 funds, restricted funds and bond service items.
42 12. "Provisional community college district" means a community college
43 district organized pursuant to section 15-1409.

1 Sec. 2. Section 15-1402, Arizona Revised Statutes, is amended to read:
2 15-1402. Community college districts; requirements; exception

3 A. Community college districts may be organized under ~~the provisions~~
4 of this chapter for a single county, two or more contiguous counties or an
5 existing community college district and contiguous counties not part of any
6 community college district if the proposed district has a primary assessed
7 valuation, based on the valuation for the preceding year, of at least four
8 hundred forty-eight million, seventeen thousand, two hundred dollars and a
9 minimum population of forty thousand persons who are fifteen or more years of
10 age, as determined by the most recent federal census.

11 B. Beginning with fiscal year 1993-1994, the minimum primary assessed
12 valuation required to organize a community college district as provided in
13 subsection A OF THIS SECTION increases each year by the percentage change in
14 total primary assessed valuation for all of the districts THAT ARE ORGANIZED
15 PURSUANT TO THIS SECTION with a population of less than five hundred thousand
16 persons according to the most recent United States decennial census using
17 actual primary assessed valuation numbers from the prior two years.

18 C. THE REQUIREMENTS OF THIS SECTION DO NOT APPLY TO COMMUNITY COLLEGE
19 DISTRICTS ORGANIZED PURSUANT TO SECTION 15-1402.01.

20 Sec. 3. Title 15, chapter 12, article 1, Arizona Revised Statutes, is
21 amended by adding section 15-1402.01, to read:

22 15-1402.01. Alternative requirements for community college
23 districts

24 A. A COUNTY THAT DOES NOT MEET THE REQUIREMENTS PRESCRIBED IN SECTION
25 15-1402 MAY ORGANIZE A COMMUNITY COLLEGE DISTRICT UNDER THIS CHAPTER IF ALL
26 OF THE FOLLOWING REQUIREMENTS HAVE BEEN MET:

27 1. A PROVISIONAL COMMUNITY COLLEGE DISTRICT HAS BEEN IN OPERATION IN
28 THAT COUNTY FOR AT LEAST FIVE YEARS IMMEDIATELY BEFORE THE FORMATION OF THE
29 PROPOSED COMMUNITY COLLEGE DISTRICT PURSUANT TO THIS SECTION.

30 2. THE MOST RECENT NUMBER OF FULL-TIME EQUIVALENT STUDENT ENROLLMENT
31 CALCULATED PURSUANT TO SECTION 15-1466.01 FOR THE PROVISIONAL COMMUNITY
32 COLLEGE DISTRICT IS AT LEAST NINE HUNDRED.

33 3. THE PROPOSED COMMUNITY COLLEGE DISTRICT IS ACTIVELY SEEKING
34 ACCREDITATION FROM A REGIONAL ACCREDITING AGENCY RECOGNIZED BY THE UNITED
35 STATES DEPARTMENT OF EDUCATION OR BY THE COUNCIL ON POSTSECONDARY
36 ACCREDITATION.

37 4. A MEMBER OF THE PUBLIC REQUESTS, OR THE GOVERNING BOARD SCHEDULES,
38 PUBLIC MEETINGS TO DISCUSS AND HEAR TESTIMONY ON THE CONVERSION OF THE
39 PROVISIONAL COMMUNITY COLLEGE DISTRICT TO AN INDEPENDENT COMMUNITY COLLEGE
40 DISTRICT.

41 5. AT THE NEXT REGULARLY SCHEDULED MEETING AFTER THE MEETING
42 PRESCRIBED IN PARAGRAPH 4 OF THIS SECTION, THE GOVERNING BOARD OF THE
43 PROVISIONAL COLLEGE DISTRICT ADOPTS A RESOLUTION TO FORM A COMMUNITY COLLEGE
44 DISTRICT PURSUANT TO THIS SECTION.

1 6. NOTWITHSTANDING SECTION 42-17056, AFTER THE GOVERNING BOARD OF THE
2 PROVISIONAL COMMUNITY COLLEGE DISTRICT ADOPTS A RESOLUTION PURSUANT TO
3 PARAGRAPH 5 OF THIS SECTION, THE GOVERNING BOARD MAY CALL AN ELECTION ON A
4 GENERAL ELECTION DATE OF THE BOARD'S CHOICE TO SEEK VOTER APPROVAL TO
5 INCREASE THE PRIMARY PROPERTY TAX LEVY FOR THE PROVISIONAL COMMUNITY COLLEGE
6 DISTRICT. IF A MAJORITY OF THE QUALIFIED ELECTORS VOTING:

7 (a) APPROVE THE PROPOSED LEVY AMOUNT, THE LEVY APPLICABLE FOR THE
8 DISTRICT FOR THE NEXT TAX YEAR SHALL NOT EXCEED THE APPROVED AMOUNT AND THE
9 GOVERNING BOARD SHALL NOT SEEK VOTER APPROVAL TO INCREASE THE PRIMARY
10 PROPERTY TAX LEVY IN ANY SUBSEQUENT YEAR.

11 (b) DISAPPROVE THE PROPOSED LEVY AMOUNT, THE DISTRICT SHALL LEVY A
12 PRIMARY PROPERTY TAX BASED ON THE PREVIOUSLY AUTHORIZED LEVY.

13 7. THE PROVISIONAL COMMUNITY COLLEGE DISTRICT HAS MAINTAINED A
14 REGIONAL ACCREDITATION AND OVERSIGHT RELATIONSHIP WITH ANOTHER COMMUNITY
15 COLLEGE DISTRICT UNTIL THE CONVERSION OF THE PROVISIONAL COMMUNITY COLLEGE
16 DISTRICT TO AN INDEPENDENT COMMUNITY COLLEGE DISTRICT.

17 B. A COMMUNITY COLLEGE DISTRICT ESTABLISHED PURSUANT TO THIS SECTION
18 SHALL MAINTAIN A REGIONAL ACCREDITATION AND OVERSIGHT RELATIONSHIP WITH
19 ANOTHER COMMUNITY COLLEGE DISTRICT UNTIL THE DISTRICT HAS ACHIEVED INITIAL
20 CANDIDACY STATUS FROM A REGIONAL ACCREDITING AGENCY RECOGNIZED BY THE UNITED
21 STATES DEPARTMENT OF EDUCATION OR BY THE COUNCIL ON POSTSECONDARY
22 ACCREDITATION.

23 Sec. 4. Section 15-1403, Arizona Revised Statutes, is amended to read:
24 15-1403. Procedure to form a district; exception

25 A. For the purpose of forming a district, not less than ten per cent
26 of the qualified electors in the territory included in the proposed district,
27 or where a district consists of more than one county not less than ten per
28 cent of the qualified electors in each county, shall petition the county
29 school superintendent for the establishment of the district. Where a
30 district consists of more than one county, the signatures of the qualified
31 electors on the petition shall be submitted to the county school
32 superintendent of the county of which the qualified electors are residents,
33 provided that the county school superintendent of the county with the larger
34 population, as determined by the most recent federal census, shall be the
35 custodian of the completed petition. The petition shall set forth the name
36 of the proposed district and its boundaries. The county school
37 superintendent shall verify the signatures thereon, provided that whenever a
38 proposed district consists of more than one county the county school
39 superintendent of the county with the least population shall verify the
40 signatures on the petition from ~~his~~ THAT county prior to submitting the
41 petition to the county school superintendent of the county with the larger
42 population.

43 B. The county school superintendent who is the custodian of the
44 completed petition shall transmit the petition to the county board of
45 supervisors, or if the district consists of more than one county, to the

1 county board of supervisors of the county with the largest population, which
2 shall determine whether the proposed district meets the minimum standards of
3 assessed valuation and population as provided in section 15-1402.

4 C. If the county board of supervisors determines that the proposed
5 district meets the minimum standards of assessed valuation and population
6 prescribed in subsection B of this section, the county, or counties, shall
7 call and conduct an election, as prescribed in this article. If the majority
8 of the votes cast in the proposed district, consisting of one county, ~~favours~~
9 FAVOR the formation of the district, such a district is deemed to be formed,
10 as provided in section 15-1404. Where the proposed district consists of more
11 than one county, there shall be a majority of the votes cast in each county
12 favoring the formation of the district before the district is deemed to be
13 formed, as provided in section 15-1404.

14 D. THIS SECTION DOES NOT APPLY TO COMMUNITY COLLEGE DISTRICTS
15 ORGANIZED PURSUANT TO SECTION 15-1402.01.

16 Sec. 5. Section 15-1407, Arizona Revised Statutes, is amended to read:
17 15-1407. Formation of new district by subdivision of existing
18 district; division of assets

19 A. If two or more contiguous counties have formed a community college
20 district, a new district may be formed in one or more of the counties by
21 dissolution of the existing district if each county in which a new district
22 is formed meets the requirements prescribed in section 15-1402. Except as
23 provided in this section, the procedures for dissolution of the district
24 shall be as prescribed in section 15-1403 for the formation of a district in
25 more than one county.

26 B. The election shall be held as provided in section 15-1404, except
27 that a majority of the qualified electors in each of the counties in the
28 existing district must approve the dissolution of the existing district and
29 the formation of the new district.

30 C. If a county is within a community college district ~~which~~ THAT is
31 dissolved pursuant to this section and the county does not meet the
32 requirements of section 15-1402 OR 15-1402.01, the county is no longer part
33 of an established community college district.

34 D. The district board of the existing district shall prepare a
35 projected list of assets for the existing district before the end of the
36 fiscal year in which the election is held. The district boards of the
37 existing DISTRICT and THE new district shall prepare a final statement of
38 assets for the existing district as of the end of the fiscal year in which
39 the election was held. The district boards of the existing district and the
40 new district shall set aside sufficient assets or provide other means to
41 satisfy the liabilities of the existing district and approve the final
42 division of all assets by September 15 of the year in which the new district
43 becomes operative.

1 Sec. 6. Section 15-1409, Arizona Revised Statutes, is amended to read:
2 15-1409. Provisional community college districts; formation;
3 governing board; powers and duties; issuance and
4 sale of bonds for capital outlay

5 A. A provisional community college district shall contract with an
6 existing community college district to provide instructional and student
7 services within the provisional community college district.

8 B. The minimum assessed valuation and population requirements
9 prescribed in section 15-1402 do not apply to provisional community college
10 districts.

11 C. A provisional community college district shall be formed and a
12 provisional community college district governing board shall be elected in
13 the same manner prescribed in sections 15-1403, 15-1404 and 15-1441, except
14 that the county board of supervisors by majority vote may adopt a resolution
15 to submit the question of the formation of a provisional community college
16 district and the approval of a proposed tax rate to fund the provisional
17 community college district directly to the qualified electors of the county
18 at a special or general election called for that purpose as prescribed in
19 section 16-204 and title 35, chapter 3, article 3. The resolution adopted by
20 the county board of supervisors shall include a statement that the primary
21 property tax levy limit for the provisional community college district shall
22 be no less than the levy limit of the most recently formed community college
23 district in this state.

24 D. Except as provided in this section, a provisional community college
25 district governing board has the same powers and duties specified in section
26 15-1444 for community college districts.

27 E. A provisional community college district shall not award degrees,
28 certificates or diplomas.

29 F. A provisional community college district is not eligible to receive
30 equalization aid pursuant to section 15-1468 or state contribution for
31 capital outlay for initial or additional campuses pursuant to section
32 15-1463.

33 G. The state aid eligibility requirements prescribed in section
34 15-1466, subsection G- E, paragraphs 1 and 2 do not apply to provisional
35 community college districts.

36 H. Notwithstanding any other law, the same student shall not be
37 counted twice as a full-time equivalent student in both a provisional
38 community college district and a community college district. Notwithstanding
39 any other law, beginning with the fiscal year after the year in which the
40 provisional community college district is formed and has established its
41 primary tax rate, a district that provides services in a provisional district
42 pursuant to section 15-1470 shall no longer count these students in the
43 district's full-time equivalent student count.

44 I. If a provisional community college district is converted into a
45 community college district by the formation of a community college district

1 pursuant to section 15-1402 OR 15-1402.01, the provisional community college
2 district is dissolved and any equipment, property, personnel, liabilities and
3 assets are transferred to the community college district.

4 J. If a provisional community college district is formed in a county
5 that provides reimbursement for the attendance of nonresident state students
6 pursuant to section 15-1469, that county shall continue to provide
7 reimbursement payments to community college districts for the remainder of
8 the fiscal year in which the provisional community college district is
9 formed, provided that the county board of supervisors adopts a levy that is
10 at least equal to the sum of the reimbursement payments and the amount of the
11 community college services provided in the fiscal year immediately before the
12 formation of the provisional community college district.

13 K. The board of supervisors of a county that has formed a provisional
14 community college district by majority vote may enter into an
15 intergovernmental agreement to loan monies to the governing board of the
16 provisional community college district in an amount that does not exceed two
17 hundred thousand dollars. Any loan pursuant to this subsection shall be
18 repaid from the next scheduled collection of property taxes to fund the
19 provisional community college district. The annual interest charges on any
20 loan pursuant to this subsection shall not exceed five per cent.

21 L. A provisional community college district may issue bonds for
22 capital outlay purposes in the same manner prescribed in section 15-1465 for
23 community college districts. The governing board of the provisional
24 community college district is solely responsible for determining the
25 encumbrance and approval of the expenditure of the proceeds of the bonds
26 issued pursuant to this subsection and shall not delegate or transfer this
27 authority to any other entity.

28 Sec. 7. Section 15-1468, Arizona Revised Statutes, is amended to read:
29 15-1468. Equalization aid for community college districts

30 A. Subject to legislative appropriation, any district THAT IS
31 ORGANIZED PURSUANT TO SECTION 15-1402 that has less than the amount of
32 primary assessed valuation prescribed in section 15-1402 shall be paid by
33 this state an amount equal to the following:

34 1. The difference between the prior year's actual primary assessed
35 valuation of the district and the amount of primary assessed valuation
36 prescribed in section 15-1402.

37 2. The actual prior year's primary property tax rate for the district.

38 3. The difference determined in paragraph 1 multiplied by the lesser
39 of the tax rate determined in paragraph 2 or one dollar and thirty-seven
40 cents.

41 B. The equalization aid provided for in subsection A of this section
42 shall be used for the same purposes specified in section 15-1462 and shall be
43 apportioned to any qualifying district pursuant to section 15-1467.

1 C. This section does not apply to COMMUNITY COLLEGE DISTRICTS
2 ORGANIZED PURSUANT TO SECTION 15-1402.01 OR TO provisional community college
3 districts as prescribed in section 15-1409.

4 Sec. 8. Section 15-1472, Arizona Revised Statutes, is amended to read:
5 15-1472. Community college district workforce development
6 accounts; reports

7 A. Each community college district shall establish a separate
8 workforce development account to receive only tax revenues authorized
9 pursuant to section 42-5029, subsection E, paragraph 3. Each community
10 college district board shall approve the expenditure of these monies in
11 accordance with section 15-1461 and consistent with subsection B of this
12 section.

13 B. Monies received pursuant to subsection A of this section shall be
14 expended for workforce development and job training purposes. These
15 expenditures may include:

16 1. Partnerships with businesses and educational institutions.

17 2. Additional faculty for improved and expanded classroom instruction
18 and course offerings.

19 3. Technology, equipment and technology infrastructure for advanced
20 teaching and learning in classrooms or laboratories.

21 4. Student services such as assessment, advisement and counseling for
22 new and expanded job opportunities.

23 5. The purchase, lease or lease-purchase of real property, for new
24 construction, remodeling or repair of buildings or facilities on real
25 property.

26 C. The state treasurer shall transfer monies under this section into
27 each district's workforce development account by the fifteenth day of each
28 month. The state treasurer shall also allocate and distribute any pooled
29 interest earnings earned from revenues authorized in section 42-5029,
30 subsection E, paragraph 3 to each district in accordance with the method
31 prescribed in subsection D, paragraph 2 of this section.

32 D. Revenues authorized for community college districts in section
33 42-5029, subsection E, paragraph 3 shall be distributed by the state in the
34 following manner:

35 1. For thirteen fiscal years beginning in fiscal year 2001-2002 the
36 state treasurer shall allocate one million dollars per fiscal year for the
37 purpose of bringing this state into compliance with the matching capital
38 requirements prescribed in section 15-1463. The state treasurer shall
39 distribute the monies authorized in this subsection to each district in the
40 order in which each campus qualified for funding pursuant to section 15-1463.

41 2. After the monies have been paid each year to the eligible district
42 DISTRICTS pursuant to paragraph 1 of this subsection, the state treasurer
43 shall distribute monies from the workforce development fund to each community
44 college district in the following manner:

1 (a) Each district shall receive the sum of two hundred thousand
2 dollars.

3 (b) After each district has received the payments prescribed in
4 subdivision (a), the remainder of monies in the fund shall be distributed to
5 each district according to each district's full-time equivalent student
6 enrollment percentage of the total ~~state-wide~~ STATEWIDE audited full-time
7 equivalent student enrollment in the preceding fiscal year prescribed in
8 section 15-1466.01. The percentage distribution under this subdivision shall
9 be adjusted annually on October 1 of each year. FOR THE PURPOSES OF THIS
10 SUBDIVISION, THE FOLLOWING DISTRIBUTION PROCEDURES APPLY:

11 (i) IF A COMMUNITY COLLEGE DISTRICT ESTABLISHED PURSUANT TO SECTION
12 15-1402.01 CONTRACTS WITH ANOTHER COMMUNITY COLLEGE DISTRICT PURSUANT TO
13 SECTION 15-1402.01, SUBSECTION B, THE FULL-TIME EQUIVALENT STUDENT ENROLLMENT
14 OF THAT DISTRICT SHALL BE ADDED TO THE FULL-TIME EQUIVALENT STUDENT
15 ENROLLMENT OF THE OTHER COMMUNITY COLLEGE DISTRICT THAT CONTRACTS WITH THAT
16 DISTRICT PURSUANT TO SECTION 15-1402.01, SUBSECTION B, AND THAT PORTION OF
17 THE MONIES DISTRIBUTED UNDER THIS SUBDIVISION TO THE OTHER COMMUNITY COLLEGE
18 DISTRICT SHALL BE USED TO PROVIDE SERVICES TO STUDENTS ENROLLED IN THE
19 COMMUNITY COLLEGE DISTRICT ESTABLISHED PURSUANT TO SECTION 15-1402.01 AS
20 APPROVED BY THAT DISTRICT'S GOVERNING BOARD AS PART OF THE ANNUAL BUDGET
21 PROCESS PURSUANT TO SECTION 15-1461.

22 (ii) IF A COMMUNITY COLLEGE DISTRICT ESTABLISHED PURSUANT TO SECTION
23 15-1402.01 IS NO LONGER REQUIRED TO CONTRACT WITH ANOTHER COMMUNITY COLLEGE
24 DISTRICT PURSUANT TO SECTION 15-1402.01, SUBSECTION B, THAT COMMUNITY COLLEGE
25 DISTRICT SHALL RECEIVE MONIES AS PROVIDED IN THIS SUBDIVISION ACCORDING TO
26 ITS FULL-TIME EQUIVALENT STUDENT ENROLLMENT.

27 E. Revenues received by community college districts shall not be used
28 by the legislature to supplant or reduce any state aid authorized in this
29 chapter or supplant any proceeds from the sale of bonds authorized in this
30 article and article 5 of this chapter.

31 F. Monies received under this section shall not be considered to be
32 local revenues for purposes of article IX, section 21, Constitution of
33 Arizona.

34 G. Each community college district shall submit a workforce
35 development plan by April 1 of each year to the department of commerce. The
36 plan shall outline the purpose and goals for which workforce development
37 monies are to be expended by the district.

38 H. Each community college district or community college that is owned,
39 operated or chartered by a qualifying Indian tribe on its own Indian
40 reservation shall submit a report once every two years of its workforce
41 development plan activities and the expenditures authorized in this section
42 to the governor, president of the senate, speaker of the house of
43 representatives, joint legislative budget committee and department of
44 commerce by December 1 of every even-numbered year. The report shall include
45 the purpose and goals for which the workforce development monies were

1 expended by each district or community college together with a general
2 accounting of the expenditures authorized in subsection B of this section. A
3 copy of the final report shall also be provided to the secretary of state and
4 ~~the director of the Arizona state library, archives and public records.~~ For
5 the purposes of this subsection, "qualifying Indian tribe" has the same
6 meaning prescribed in section 42-5031.01.

7 Sec. 9. Section 15-1481, Arizona Revised Statutes, is amended to read:
8 15-1481. Definitions

9 In this article, unless the context otherwise requires:

10 1. "Acquire" includes purchase, erect, build, construct, reconstruct,
11 repair, replace, extend, better, furnish, equip, develop, improve and
12 embellish.

13 2. "Board" means the governing board of a community college district
14 or its successors, but does not include provisional community college
15 districts as prescribed in section 15-1409.

16 3. "Bonds" means any bonds issued pursuant to this article.

17 4. "Federal agency" means the housing and home finance agency, the
18 United States of America or any of its officers or agencies designated or
19 created to make grants or loans of monies for public construction work.

20 5. "Institution" means any community college district that is
21 organized in this state pursuant to section 15-1402 OR 15-1402.01, but does
22 not include provisional community college districts as prescribed in section
23 15-1409.

24 6. "Project" means one or more classrooms, student or faculty
25 residence halls, dormitories, dining halls, student union buildings, field
26 houses, stadia and other revenue producing buildings located at the
27 institution, together with sites for the buildings, and ~~including~~ INCLUDES
28 equipment, furnishings, heating, lighting and other service facilities in
29 connection with the buildings.

30 Sec. 10. Section 15-1851, Arizona Revised Statutes, as amended by Laws
31 2010, chapter 332, section 24, is amended to read:

32 15-1851. Commission for postsecondary education; purpose;
33 report; members; terms; powers and duties;
34 compensation; quorum; immunity; definition

35 A. The commission for postsecondary education is established and shall
36 administer the applicable programs identified under section 1203 of the
37 higher education act amendments of 1998 (P.L. 105-244), including the
38 leveraging educational assistance partnership program, the federal family
39 education loan program and the Paul Douglas teacher scholarships program, and
40 shall supervise the state guarantee agency under the higher education act
41 amendments of 1998.

42 B. In addition to the responsibilities prescribed in subsection A of
43 this section, the commission shall:

1 1. Provide a forum to public and private postsecondary education
2 institutions for discussion of issues of mutual interest, including the
3 following:

4 (a) The postsecondary needs of unserved and underserved individuals in
5 this state.

6 (b) The resources of public and private institutions, organizations
7 and agencies that are located in this state and that are capable of providing
8 postsecondary education opportunities.

9 (c) Enrollment demand and public policy options to meet statewide
10 needs for postsecondary education services.

11 (d) Cooperative comprehensive instructional and capital planning.

12 2. Provide reports pursuant to this subsection on discussions of
13 issues of mutual interest.

14 3. Coordinate and promote collaborative studies on issues of mutual
15 interest to public and private postsecondary education institutions.

16 4. Compile and disseminate information to the public regarding
17 postsecondary education opportunities in this state.

18 5. Prepare an annual report that summarizes the results of the
19 commission's activities prescribed in this section and section 15-1852. The
20 annual report shall be submitted to the speaker of the house of
21 representatives, the president of the senate, the governor and the Arizona
22 state library, archives and public records by December 28.

23 6. Administer the mathematics, science and special education teacher
24 student loan program established by chapter 13, article 11 of this title.

25 C. The commission consists of the executive director of the Arizona
26 board of regents, the executive director of the state board for private
27 postsecondary education and the following additional members who shall be
28 appointed by the governor pursuant to section 38-211:

29 1. Two members who hold senior executive or managerial positions in a
30 university under the jurisdiction of the Arizona board of regents.

31 2. Two members who hold senior executive or managerial positions in a
32 community college district, one representing a community college district in
33 a county with a population of five hundred thousand persons or more and one
34 representing a community college district in a county with a population of
35 less than five hundred thousand persons.

36 3. Two members who hold senior executive or managerial positions in
37 private postsecondary institutions of higher education that are licensed
38 under title 32, chapter 30, that are located in this state, that offer
39 bachelor or higher degrees and that are accredited by a regional
40 accreditation agency approved by the United States department of education.

41 4. Two members who hold senior executive or managerial positions in
42 private postsecondary institutions of higher education that are licensed
43 under title 32, chapter 30, that are located in this state, that offer
44 vocational education programs and that are accredited by a national
45 accreditation agency approved by the United States department of education.

1 5. One member who holds a senior executive or managerial position in a
2 private cosmetology school that is licensed under title 32, chapter 5, that
3 is located in this state, that offers cosmetology programs approved by the
4 board of cosmetology and that is accredited by a national accreditation
5 agency approved by the United States department of education.

6 6. One member who holds a senior executive or managerial position in
7 an institution that is licensed under title 32, chapter 23 or under 14 Code
8 of Federal Regulations part 147, that offers vocational education programs at
9 the postsecondary level, that is located in this state and that is not an
10 institution that is qualified under any other category.

11 7. One member who has held a senior executive or managerial level
12 position in commerce or industry in this state for at least three years
13 before the member's appointment and who is not qualified to serve under any
14 other category.

15 8. Two members who hold senior executive or managerial positions in
16 the high school education system in this state.

17 9. One member who is an owner, operator or administrator of a charter
18 school in this state.

19 D. Members of the commission appointed pursuant to subsection C,
20 paragraphs 1 through 9 of this section shall serve four year terms. Appointed
21 members of the commission shall be residents of this state. Appointed members
22 of the commission at all times during their terms shall continue to be
23 eligible for appointment under the category that they were appointed to
24 represent. Terms of appointed members of the commission begin on the third
25 Monday in January. No appointed member of the commission may serve more than
26 two consecutive terms.

27 E. The executive director of the Arizona board of regents and the
28 executive director of the state board for private postsecondary education
29 serve as members of the commission during their respective terms of office
30 and are not eligible to vote with respect to the commission's review of any
31 postsecondary institution.

32 F. Members appointed pursuant to subsection C, paragraphs 1 through 9
33 of this section are eligible to receive compensation pursuant to section
34 38-611 for each day spent in the performance of commission duties and may be
35 reimbursed for expenses properly incurred in connection with the attendance
36 at meetings or hearings of the commission.

37 G. The governor shall appoint a chairman from among the members of the
38 commission who shall serve a one year term that begins on the third Monday in
39 January.

40 H. A majority of the members of the commission constitute a quorum for
41 the transaction of commission business. The vote of a majority of the quorum
42 constitutes authority for the commission to act.

43 I. Members of the commission are immune from personal liability with
44 respect to all actions that are taken in good faith and within the scope of
45 the commission's authority.

1 J. For the purposes of this section, "community college district"
2 means a community college district that is established pursuant to sections
3 15-1402 and 15-1403 OR SECTION 15-1402.01 and that is a political subdivision
4 of this state.

5 Sec. 11. Section 15-1854, Arizona Revised Statutes, is amended to
6 read:

7 15-1854. Private postsecondary education student financial
8 assistance program; fund; definition

9 A. A private postsecondary education student financial assistance
10 program is established. The commission shall develop, implement and
11 administer the program. A student who obtains an associate degree from a
12 community college district or from a community college under the jurisdiction
13 of an Indian tribe in this state that meets the same accreditation standards
14 as a community college district and who registers for enrollment as a
15 full-time student in a baccalaureate program at a private, nationally or
16 regionally accredited four year degree granting college or university
17 chartered in this state is eligible to submit an application to the
18 commission for participation in the program. The commission shall establish
19 eligibility criteria for the program, including financial need and academic
20 merit, shall develop application forms, procedures and deadlines and shall
21 select qualifying students each year for participation in the program.
22 Participating students shall receive an award in an amount of up to two
23 thousand dollars annually not to exceed two years or four thousand dollars to
24 be used to pay all or a portion of the tuition and fees charged at the
25 private, accredited four year college or university.

26 B. A private postsecondary education student financial assistance fund
27 is established consisting of legislative appropriations. The commission
28 shall administer the fund. Monies in the fund are exempt from the provisions
29 of section 35-190 relating to lapsing of appropriations. The commission
30 shall make awards for payment of tuition at eligible colleges or universities
31 to students who are selected to participate in the private postsecondary
32 education student financial assistance program pursuant to subsection A of
33 this section.

34 C. The commission shall develop a program evaluation procedure in
35 order to determine the effectiveness of the private postsecondary education
36 student financial assistance program in shifting students who would have
37 otherwise attended a public four year college or university to private four
38 year degree granting colleges or universities.

39 D. A student who fails to receive a baccalaureate degree within a
40 three year period of receipt of the program award shall reimburse the private
41 postsecondary education student financial assistance fund for all awards
42 received pursuant to subsection A of this section. On receipt of supporting
43 documentation from the student, for good cause shown the commission may
44 provide for extensions of the three year period to obtain a baccalaureate
45 degree.

1 E. For the purposes of this section, "community college district"
2 means a community college district that is established pursuant to sections
3 15-1402 and 15-1403 OR SECTION 15-1402.01 and that is a political subdivision
4 of this state.

5 Sec. 12. Section 42-5029, Arizona Revised Statutes, is amended to
6 read:

7 42-5029. Remission and distribution of monies; definition

8 A. The department shall deposit, pursuant to sections 35-146 and
9 35-147, all revenues collected under this article and articles 4, 5 and 8 of
10 this chapter pursuant to section 42-1116, separately accounting for:

11 1. Payments of estimated tax under section 42-5014, subsection D.

12 2. Revenues collected pursuant to section 42-5070.

13 3. Revenues collected under this article and article 5 of this chapter
14 from and after June 30, 2000 from sources located on Indian reservations in
15 this state.

16 4. Revenues collected pursuant to section 42-5010, subsection G and
17 section 42-5155, subsection D.

18 B. The department shall credit payments of estimated tax to an
19 estimated tax clearing account and each month shall transfer all monies in
20 the estimated tax clearing account to a fund designated as the transaction
21 privilege and severance tax clearing account. The department shall credit
22 all other payments to the transaction privilege and severance tax clearing
23 account, separately accounting for the monies designated as distribution base
24 under sections 42-5010, 42-5164, 42-5205 and 42-5353. Each month the
25 department shall report to the state treasurer the amount of monies collected
26 pursuant to this article and articles 4, 5 and 8 of this chapter.

27 C. On notification by the department, the state treasurer shall
28 distribute the monies deposited in the transaction privilege and severance
29 tax clearing account in the manner prescribed by this section and by sections
30 42-5164, 42-5205 and 42-5353, after deducting warrants drawn against the
31 account pursuant to sections 42-1118 and 42-1254.

32 D. Of the monies designated as distribution base the department shall:

33 1. Pay twenty-five per cent to the various incorporated municipalities
34 in this state in proportion to their population to be used by the
35 municipalities for any municipal purpose.

36 2. Pay 38.08 per cent to the counties in this state by averaging the
37 following proportions:

38 (a) The proportion that the population of each county bears to the
39 total state population.

40 (b) The proportion that the distribution base monies collected during
41 the calendar month in each county under this article, section 42-5164,
42 subsection B, section 42-5205, subsection B and section 42-5353 bear to the
43 total distribution base monies collected under this article, section 42-5164,
44 subsection B, section 42-5205, subsection B and section 42-5353 throughout
45 the state for the calendar month.

1 3. Pay an additional 2.43 per cent to the counties in this state as
2 follows:

3 (a) Average the following proportions:

4 (i) The proportion that the assessed valuation used to determine
5 secondary property taxes of each county, after deducting that part of the
6 assessed valuation that is exempt from taxation at the beginning of the month
7 for which the amount is to be paid, bears to the total assessed valuations
8 used to determine secondary property taxes of all the counties after
9 deducting that portion of the assessed valuations that is exempt from
10 taxation at the beginning of the month for which the amount is to be paid.
11 Property of a city or town that is not within or contiguous to the municipal
12 corporate boundaries and from which water is or may be withdrawn or diverted
13 and transported for use on other property is considered to be taxable
14 property in the county for purposes of determining assessed valuation in the
15 county under this item.

16 (ii) The proportion that the distribution base monies collected during
17 the calendar month in each county under this article, section 42-5164,
18 subsection B, section 42-5205, subsection B and section 42-5353 bear to the
19 total distribution base monies collected under this article, section 42-5164,
20 subsection B, section 42-5205, subsection B and section 42-5353 throughout
21 the state for the calendar month.

22 (b) If the proportion computed under subdivision (a) of this paragraph
23 for any county is greater than the proportion computed under paragraph 2 of
24 this subsection, the department shall compute the difference between the
25 amount distributed to that county under paragraph 2 of this subsection and
26 the amount that would have been distributed under paragraph 2 of this
27 subsection using the proportion computed under subdivision (a) of this
28 paragraph and shall pay that difference to the county from the amount
29 available for distribution under this paragraph. Any monies remaining after
30 all payments under this subdivision shall be distributed among the counties
31 according to the proportions computed under paragraph 2 of this subsection.

32 4. After any distributions required by sections 42-5030, 42-5030.01,
33 42-5031, 42-5032 and 42-5032.01, and after making any transfer to the water
34 quality assurance revolving fund as required by section 49-282, subsection B,
35 credit the remainder of the monies designated as distribution base to the
36 state general fund. From this amount:

37 (a) The legislature shall annually appropriate to:

38 (i) The department of revenue sufficient monies to administer and
39 enforce this article and articles 5 and 8 of this chapter.

40 (ii) The department of economic security monies to be used for the
41 purposes stated in title 46, chapter 1.

42 (iii) The firearms safety and ranges fund established by section
43 17-273, fifty thousand dollars derived from the taxes collected from the
44 retail classification pursuant to section 42-5061 for the current fiscal
45 year.

1 (b) Subject to separate initial legislative authorization, each year
2 the state treasurer shall transfer to the tourism fund an amount equal to the
3 sum of the following:

4 (i) Three and one-half per cent of the gross revenues derived from the
5 transient lodging classification pursuant to section 42-5070 during the
6 preceding fiscal year.

7 (ii) Three per cent of the gross revenues derived from the amusement
8 classification pursuant to section 42-5073 during the preceding fiscal year.

9 (iii) Two per cent of the gross revenues derived from the restaurant
10 classification pursuant to section 42-5074 during the preceding fiscal year.

11 E. If approved by the qualified electors voting at a statewide general
12 election, all monies collected pursuant to section 42-5010, subsection G and
13 section 42-5155, subsection D shall be distributed each fiscal year pursuant
14 to this subsection. The monies distributed pursuant to this subsection are
15 in addition to any other appropriation, transfer or other allocation of
16 public or private monies from any other source and shall not supplant,
17 replace or cause a reduction in other school district, charter school,
18 university or community college funding sources. The monies shall be
19 distributed as follows:

20 1. If there are outstanding state school facilities revenue bonds
21 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the
22 amount that is necessary to pay the fiscal year's debt service on outstanding
23 state school improvement revenue bonds for the current fiscal year shall be
24 transferred each month to the school improvement revenue bond debt service
25 fund established by section 15-2084. The total amount of bonds for which
26 these monies may be allocated for the payment of debt service shall not
27 exceed a principal amount of eight hundred million dollars exclusive of
28 refunding bonds and other refinancing obligations.

29 2. After any transfer of monies pursuant to paragraph 1 of this
30 subsection, twelve per cent of the remaining monies collected during the
31 preceding month shall be transferred to the technology and research
32 initiative fund established by section 15-1648 to be distributed among the
33 universities for the purpose of investment in technology and research-based
34 initiatives.

35 3. After the transfer of monies pursuant to paragraph 1 of this
36 subsection, three per cent of the remaining monies collected during the
37 preceding month shall be transferred to the workforce development account
38 established in each community college district pursuant to section 15-1472
39 for the purpose of investment in workforce development programs.

40 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
41 subsection, one-twelfth of the amount a community college that is owned,
42 operated or chartered by a qualifying Indian tribe on its own Indian
43 reservation would receive pursuant to section 15-1472, subsection D,
44 paragraph 2 if it were a community college district shall be distributed each
45 month to the treasurer or other designated depository of a qualifying Indian

1 tribe. Monies distributed pursuant to this paragraph are for the exclusive
2 purpose of providing support to one or more community colleges owned,
3 operated or chartered by a qualifying Indian tribe and shall be used in a
4 manner consistent with section 15-1472, subsection B. For the purposes of
5 this paragraph, "qualifying Indian tribe" has the same meaning as defined in
6 section 42-5031.01, subsection D.

7 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
8 subsection, one-twelfth of the following amounts shall be transferred each
9 month to the department of education for the increased cost of basic state
10 aid under section 15-971 due to added school days and associated teacher
11 salary increases enacted in 2000:

12 (a) In fiscal year 2001-2002, \$15,305,900.

13 (b) In fiscal year 2002-2003, \$31,530,100.

14 (c) In fiscal year 2003-2004, \$48,727,700.

15 (d) In fiscal year 2004-2005, \$66,957,200.

16 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
17 \$86,280,500.

18 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
19 subsection, seven million eight hundred thousand dollars is appropriated each
20 fiscal year, to be paid in monthly installments, to the department of
21 education to be used for school safety as provided in section 15-154 and two
22 hundred thousand dollars is appropriated each fiscal year, to be paid in
23 monthly installments to the department of education to be used for the
24 character education matching grant program as provided in section 15-154.01.

25 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
26 subsection, no more than seven million dollars may be appropriated by the
27 legislature each fiscal year to the department of education to be used for
28 accountability purposes as described in section 15-241 and title 15, chapter
29 9, article 8.

30 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
31 subsection, one million five hundred thousand dollars is appropriated each
32 fiscal year, to be paid in monthly installments, to the failing schools
33 tutoring fund established by section 15-241.

34 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
35 subsection, twenty-five million dollars shall be transferred each fiscal year
36 to the state general fund to reimburse the general fund for the cost of the
37 income tax credit allowed by section 43-1072.01.

38 10. After the payment of monies pursuant to paragraphs 1 through 9 of
39 this subsection, the remaining monies collected during the preceding month
40 shall be transferred to the classroom site fund established by section
41 15-977. The monies shall be allocated as follows in the manner prescribed by
42 section 15-977:

43 (a) Forty per cent shall be allocated for teacher compensation based
44 on performance.

1 (b) Twenty per cent shall be allocated for increases in teacher base
2 compensation and employee related expenses.

3 (c) Forty per cent shall be allocated for maintenance and operation
4 purposes.

5 F. The department shall credit the remainder of the monies in the
6 transaction privilege and severance tax clearing account to the state general
7 fund, subject to any distribution required by section 42-5030.01.

8 G. Notwithstanding subsection D of this section, if a court of
9 competent jurisdiction finally determines that tax monies distributed under
10 this section were illegally collected under this article or articles 5 and 8
11 of this chapter and orders the monies to be refunded to the taxpayer, the
12 department shall compute the amount of such monies that was distributed to
13 each city, town and county under this section. The department shall notify
14 the state treasurer of that amount plus the proportionate share of additional
15 allocated costs required to be paid to the taxpayer. Each city's, town's and
16 county's proportionate share of the costs shall be based on the amount of the
17 original tax payment each municipality and county received. Each month the
18 state treasurer shall reduce the amount otherwise distributable to the city,
19 town and county under this section by one thirty-sixth of the total amount to
20 be recovered from the city, town or county until the total amount has been
21 recovered, but the monthly reduction for any city, town or county shall not
22 exceed ten per cent of the full monthly distribution to that entity. The
23 reduction shall begin for the first calendar month after the final
24 disposition of the case and shall continue until the total amount, including
25 interest and costs, has been recovered.

26 H. On receiving a certificate of default from the greater Arizona
27 development authority pursuant to section 41-1554.06 or 41-1554.07 and to the
28 extent not otherwise expressly prohibited by law, the state treasurer shall
29 withhold from the next succeeding distribution of monies pursuant to this
30 section due to the defaulting political subdivision the amount specified in
31 the certificate of default and immediately deposit the amount withheld in the
32 greater Arizona development authority revolving fund. The state treasurer
33 shall continue to withhold and deposit the monies until the greater Arizona
34 development authority certifies to the state treasurer that the default has
35 been cured. In no event may the state treasurer withhold any amount that the
36 defaulting political subdivision certifies to the state treasurer and the
37 authority as being necessary to make any required deposits then due for the
38 payment of principal and interest on bonds of the political subdivision that
39 were issued before the date of the loan repayment agreement or bonds and that
40 have been secured by a pledge of distributions made pursuant to this section.

41 I. Except as provided by sections 42-5033 and 42-5033.01, the
42 population of a county, city or town as determined by the most recent United
43 States decennial census plus any revisions to the decennial census certified
44 by the United States bureau of the census shall be used as the basis for
45 apportioning monies pursuant to subsection D of this section.

1 J. Except as otherwise provided by this subsection, on notice from the
2 department of revenue pursuant to section 42-6010, subsection B, the state
3 treasurer shall withhold from the distribution of monies pursuant to this
4 section to the affected city or town the amount of the penalty for business
5 location municipal tax incentives provided by the city or town to a business
6 entity that locates a retail business facility in the city or town. The
7 state treasurer shall continue to withhold monies pursuant to this subsection
8 until the entire amount of the penalty has been withheld. The state
9 treasurer shall credit any monies withheld pursuant to this subsection to the
10 state general fund as provided by subsection D, paragraph 4 of this section.
11 The state treasurer shall not withhold any amount that the city or town
12 certifies to the department of revenue and the state treasurer as being
13 necessary to make any required deposits or payments for debt service on bonds
14 or other long-term obligations of the city or town that were issued or
15 incurred before the location incentives provided by the city or town.

16 K. On notice from the auditor general pursuant to section 9-626,
17 subsection D, the state treasurer shall withhold from the distribution of
18 monies pursuant to this section to the affected city the amount computed
19 pursuant to section 9-626, subsection D. The state treasurer shall continue
20 to withhold monies pursuant to this subsection until the entire amount
21 specified in the notice has been withheld. The state treasurer shall credit
22 any monies withheld pursuant to this subsection to the state general fund as
23 provided by subsection D, paragraph 4 of this section.

24 L. For the purposes of this section, "community college district"
25 means a community college district that is established pursuant to sections
26 15-1402 and 15-1403 and that is a political subdivision of this state AND,
27 SUBJECT TO THE DISTRIBUTION PROCEDURES SPECIFIED IN SECTION 15-1472,
28 SUBSECTION D, PARAGRAPH 2, SUBDIVISION (b), INCLUDES A COMMUNITY COLLEGE
29 DISTRICT ESTABLISHED PURSUANT TO SECTION 15-1402.01.

30 Sec. 13. Effective date

31 Sections 15-1472 and 42-5029, Arizona Revised Statutes, as amended by
32 this act, are effective from and after September 30, 2011.

APPROVED BY THE GOVERNOR APRIL 26, 2011.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 26, 2011.

Passed the House April 18, 20 11,

by the following vote: 37 Ayes,

21 Nays, 2 Not Voting

[Signature]
Speaker of the House

Cheryl Laube
Chief Clerk of the House

Passed the Senate February 28, 20 11,

by the following vote: 25 Ayes,

4 Nays, 1 Not Voting

[Signature]
President of the Senate

Charmine Billington
Secretary of the Senate

~~EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR~~

~~This Bill was received by the Governor this~~

~~_____ day of _____, 20 _____,~~

~~at _____ o'clock _____ M.~~

~~_____
Secretary to the Governor~~

~~Approved this _____ day of~~

~~_____, 20 _____,~~

~~at _____ o'clock _____ M.~~

~~_____
Governor of Arizona~~

S.B. 1213

~~EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE~~

~~This Bill was received by the Secretary of State~~

~~this _____ day of _____, 20 _____,~~

~~at _____ o'clock _____ M.~~

~~_____
Secretary of State~~

SENATE CONCURS IN HOUSE . .
AMENDMENTS AND FINAL PASSAGE

Passed the Senate April 19, 2011

by the following vote: 28 Ayes,

2 Nays, 0 Not Voting

[Signature]
President of the Senate

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

20 day of April, 2011

at 12:00 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 26th day of

April

at 9:30 o'clock A. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 26th day of April, 2011

S.B. 1213

at 2:55 o'clock P. M.

[Signature]
Secretary of State